

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

August 4, 2006

TO: Internal File

THRU: Wayne Hedberg, Permit Supervisor, Task Manager *WHD*
SH Peter H. Hess, Environmental Scientist/Engineering, Team Lead

FROM: Wayne H. Western, Environmental Scientist/Engineering, Bonding *WHW*

RE: Degasification Wells G-13 thru and G-17, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/039, Task ID #2580

SUMMARY:

The Permittee submitted an application to permit degasification wells G-13 through G-17 on March 17, 2006. The Division has assigned Task ID #2456. This technical memo will address the bonding issues.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

TECHNICAL MEMO

Determination of Bond Amount

The Division determined the cost to reclaim the Dugout Mine in the event of bond forfeiture is \$2,940,000 in 2010 dollars. The current bond is for \$3,300,000. Therefore, the bond is adequate to insure that the Division can reclaim the area.

Findings:

The information in the proposed amendment is adequate to meet the requirements of the regulations covered in the bonding and insurance requirements.

RECOMMENDATIONS:

The Division should approve the amendment.